

# Tuition policy issues in Russian higher education

OLGA BAIN

*State University of New York at Buffalo*

## Introduction

The world tendency in higher education is to the privatisation of financing. Increasingly, against the background of the declining availability of public resources for higher education, students and their parents are viewed as being capable of assuming a larger share of costs (Johnstone 1993; 1996). Among the countries that are recent supporters of tuition-charged higher education are those nations undergoing the dramatic transformation from planned economy to market economy. Chinese universities and colleges can now charge tuition fees to all students. The Polish Parliament is preparing new higher education legislation that may legalise tuition. Great Britain has introduced tuition charges for domestic students. There are others following suit.

According to the 1993 Constitution, citizens of the Russian federation are entitled to tuition-free higher education. The Constitution, drawing on the Soviet model, stresses the social values of equality of access, social mobility and meritocracy. However, today developments in Russian higher education are increasingly shaped by financial pressures. The 1993 Constitution specifies that the right to tuition-free higher education is contingent upon two conditions: that higher education is being obtained for the first time, and that admission is gained upon successful performance in competitive entrance examinations. It leaves open the possibility of charging fees to those aspiring for a second higher education diploma, for example for retraining, and also those admitted on the basis of an entrance examination performance which fell short of entrance requirements.

In the last decade the socio-economic fabric of Russian society has been transformed and this has changed fundamentally the conditions in which higher education is provided. There has been an enormous shortage of public money, resulting in 'austerity' in the sense that Johnstone (1996) uses the term, and a weakened current economy. These developments have made the maintenance of full public support of higher education not only undesirable but impossible. The questions of tuition fees, and cost-sharing between multiple benefactors - private and public employers, local governments, and students themselves -

have become part of the policy agenda. As early as 1992, the Law on Education introduced the concept of cost sharing in higher education, complemented by a loan plan, similar to US practice. Since that time, however, the issues of tuition and loan schemes have alternately moved to the front of policy discussions, and retreated back.

The present article examines recent developments with regard to tuition policy in Russia, in the global context. The 'cornerstones' of tuition policy issues in Russian public higher education are discussed. It is argued that the pressures for tuition charge can only be understood in the policy context of the recent changes in Russian higher education. The article examines the evolution of the concept of tuition-charged higher education in Russia: from a quasi-tuition model in the form of contract training, to self-financed students in public institutions and full-fee private education. The article discusses the pros and cons of the student stipend system, inherited from the past in the form of a merit-based and equal opportunity targeted model, and examines the deterioration of the functions of this form of student financial assistance. The article examines patterns of differentiation in tuition costs in higher education. The recent proposal for tuition-grant bearing students, a mechanism for the indirect allocation of public funds, is considered.

## To charge or not to charge tuition?

### The contract-training model of the mid 1980s

No-charge higher education was guaranteed by the USSR Constitution. However, in the mid 1980s, Russian authorities began to consider proposals for funding higher education through the targeted preparation of specialists for particular industries, rather than the direct allocation of taxpayers funds. It was hoped that this would create the more efficient use of resources and improve the quality of what was produced, by encouraging more responsive and innovative behaviour by education-providers. The policy mechanism was designed to establish closer links between higher education institutions, on the one hand, and industries and services, on the other, creating feedback

from the receivers of services in relation to both graduates and research products.

However, contract training did not provide any economic incentives for industry. The opportunity cost of spending funds on training was almost zero, since the public funds for training were the same regardless of judgements about quality. A fixed amount had been earmarked to be spent on training. Nor did the personnel policy at public enterprises encourage an expansion of contract training, since the funding was provided centrally according to the number of employees. In effect employers did not experience any loss of investment for contract training, even when graduates did not show up at the enterprise-investor at the end of the five-year long training period.

Contract training may be seen as a form of quasi-tuition. The costs of training were offset from the same source as provided the direct allocations of public funds to higher educational institutions. These training costs had little effect on institutional behaviour: the reform effort failed to achieve its targeted goals. Nevertheless, contract training set an important precedent, that of a disguised form of tuition charge that was borne not by individual students but by proxy 'persons' in the form of enterprises and organisations.

### **Split admissions in public higher education: state-supported and sponsor-supported education**

Soon after, the environment for higher education changed rapidly. In the early 1990s, with an emerging private sector in the economy and the opening up of the country to the rest of the world, the demand for graduates trained in law, economics, business administration, financing and banking, and with good knowledge of foreign languages and computer skills, rose sharply. At the same time public enterprises found they had a limited capacity to compete and develop under the new circumstances, or to invest in the training of potential employees given the five-year training lags in higher education.

Meanwhile the flow of applicants in high demand study areas exceeded the publicly supported capacity of higher education institutions. Some applicants were admitted on a fee-paying basis, provided that the fee-payers were juristic persons, that is enterprises or companies. At the same time, some qualified individuals who could afford to pay the tuition out of their own savings were unable to find a sponsoring organisation to strike a contract with a higher educational institution on their behalf. By 1994 a clear trend was discernible, whereby many students and their families had to pay recompense to juristic persons acting as intermediaries (Prelovskaya 1994, 17).

### **Sharing costs of higher education: legal foundations, implementation and current trends in practices**

The 1992 Law on Education legalised tuition charges in public universities, but only for non-degree short-term courses and programs termed as additional educational services. It also legitimated fee-charging private institutions of higher learning (Articles 45 and 46). The Law also established a legal basis for greater institutional freedom in the management of funds: for example, it enabled carry-overs from one fiscal year to another, and the use of self-generated resources as deemed appropriate by institutions. It provided institutions with more scope in commercial activities, for example in leasing of equipment and buildings, shareholding and setting up joint ventures or small businesses, and investment in securities and bonds. It also allowed greater autonomy in institutional organisation and governance.

The 1992 Law on Education did not contradict the Constitutional entitlement of citizens to free higher education. However, as noted, Article 5 (item 3) of the Law on Education specified that higher education was provided free to all citizens on condition that it was being obtained for the first time and competitive entrance examinations were passed successfully. This allowed the Russian Federation State Committee for Higher Education, the nation-level agency, to introduce a quota of federal-government supported student places, the so-called regularly admitted students. Public higher education institutions were allowed to charge tuition via the 'contract model' to students who were additional to the above quota and close to qualifying under the entrance examination, the so-called fee-charged admissions. In the 1992-1993 academic year, 10.1 per cent of new entrants were admitted on a fee-paying basis. Data on student enrolment in public higher educational institutions for the period 1992 to 1996 are shown in Table 1.

The State Committee for Higher Education decreased the no-fee admission quota in some fields of study that constituted 'goods in short supply', such management, foreign languages and economics. In this manner individual higher education institutions were encouraged to recruit more fee-paying students and to develop self-financing in an emerging market for educational services.

The 1992 Law on Education also indicated the responsibility of students and/or their parents to share tuition costs, but within the framework of a tuition-loans approach. Article 42 on financing higher education specified that the financing of higher education was to be shared by the federal government (or taxpayers) and individual students. Students' tuition costs were to be matched by student loans at an equivalent level to the tuition. The Article introduced the concept of educational loans and specified that they could take three forms: repayable; partly repayable; or non-repayable, that is, grants. The

**Table 1. Student enrolment in Russian higher education, 1992-1996, '000s of students**

| <b>A. Public Sector:</b> |                                                    |                                  |                                         |                                     |                              |                                                    |                         |                                                          |
|--------------------------|----------------------------------------------------|----------------------------------|-----------------------------------------|-------------------------------------|------------------------------|----------------------------------------------------|-------------------------|----------------------------------------------------------|
| Academic year            | Total student enrolment in public higher education | Percentage increase in enrolment | New entrants to public higher education | Percentage increase in new entrants | Regularly admitted students* | Percentage increase in regularly admitted students | Tuition-paying students | Tuition-paying students as percentage of total enrolment |
| 1992/93                  | 2638.0                                             | - 4.52%                          | 520.7                                   | -                                   | 467.94                       | -                                                  | 52.76                   | 2.00%                                                    |
| 1993/94                  | 2542.9                                             | - 3.61%                          | 543.5                                   | 4.38%                               | 441.78                       | - 5.59%                                            | 101.72                  | 4.00%                                                    |
| 1994/95                  | 2534.0                                             | - 0.35%                          | 567.7                                   | 4.45%                               | 451.70                       | 2.25%                                              | 116.00                  | 4.58%                                                    |
| 1995/96                  | 2655.2                                             | 4.78%                            | 628.6                                   | 10.73%                              | n.a.                         | n.a.                                               | n.a.                    | n.a.                                                     |
| 1996/97                  | 2862.3                                             | 7.80%                            | 674.3                                   | 7.27%                               | n.a.                         | n.a.                                               | 123.80                  | 4.33%                                                    |

\* No data available for 1995

| <b>B. Private Sector (1994-1996)<sup>¶</sup></b> |                                             |                                          |                                                                          |                                                            |
|--------------------------------------------------|---------------------------------------------|------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------|
| Academic Year                                    | Total enrolment in private higher education | New entrants to private higher education | Entrants to private higher education: percentage of total freshman class | Tuition charged students as percentage of total enrollment |
| 1994/95                                          | 110.5                                       | 58.8                                     | 9.39%                                                                    | 8.56%                                                      |
| 1995/96                                          | 135.5                                       | 52.4                                     | 7.69%                                                                    | n.a.                                                       |
| 1996/97                                          | 162.0                                       | 54.9                                     | 4.53%                                                                    | 9.45%                                                      |

<sup>¶</sup> No statistics recorded before 1994.

Sources: Goskomstat 1996a, 179, 182, 187; Goskomstat 1996b, Table 30; CDPSP 1997, 49(40), 18.

importance of this Article lay in the way that it guided individual behaviour, emphasising that higher education was costly. 'Free' education was to be awarded on the successful completion of competitive entrance examinations in the form of non-repayable grants.

Unfortunately the Law on Education did not provide any detail on the principles and mechanisms of the loan system. Nor is such a loan system conceivable under the current economic circumstances and with the current financing system.

The new Constitution of the Russian Federation, approved by the people's referendum and enacted on 12 December 1993, guaranteed the right to free higher education as had been stated in the 1992 Law on Education. Under Article 43, everyone was entitled to fee-free higher education on the condition they satisfied the requirement of competitive admission to public higher educational institutions, or were entitled to free on-the-job higher professional training (Constitution of the Russian Federation 1993).

On 28 April 1994, public institutions of higher education were authorised for the first time by governmental decree number 407, 'About immediate measures of support of the educational system in Russia' (RFG 1994), to charge tuition

fees not only to juristic persons in the form of enterprises and organisations, but also physical persons in the form of students and their families. Thus it was recognised that for-fee higher education was taking root in public institutions. The State Committee for Higher Education recommended that fee-paying admissions not exceed 10 per cent of total admissions by public higher educational institutions.

In the 1994-1995 academic year, public institutions of higher learning enrolled 46,000 students, 9.6 per cent of total admissions, on a fee-paying basis (Prelovskaya 1994, 17). The same year non-state (private) higher educational institutions with state license, mostly in the humanities and socio-economic studies, enrolled 58,800 students, 9.4 per cent of total higher education admissions by both public and private institutions. Overall in the 1994-1995 academic year 16.7 per cent of the country's freshmen class were charged tuition fees.

The same governmental decree 28 April 1994 provided tax incentives exemptions for investments into educational institutions by juristic and physical persons in 1994-1995.

According to the Russian Federation State Committee for Higher Education, in the 1995-1996 academic year the number of fee-paying students admitted to higher educational institutions under the supervision of the Committee increased slightly to 10.8 per cent of the total enrolment. At the same time the total enrolment into higher educational institutions under the supervision of the State Committee for Higher Education reportedly decreased by 7.6 per cent in 1995-1996 as compared to the 1994-1995 academic year (Prelovskaya 1994, 17; Leskov 1996, 15).

With more students willing to pay for their education, public higher educational institutions began to view for-fee educational services, both degree and non-degree, as a major channel of additional resources. However, the concern has been articulated that this source of income

inflow might just as well dry up. In some estimations (Leskov 1996, 15), the average annual tuition fee exceeds the country's average monthly pay by a factor of 20. In the absence of any student loan plan, most employees in the public sector do not see for-fee education as affordable. This includes doctors, teachers, professors, social workers, librarians and others. Deans of schools and faculties increasingly have to deal with capable but 'insolvent' students enrolled on a fee-paying basis. The possible solutions range from transfer to no-fee status on the rare occasions when no-fee students drop out; to payment in-kind, for example with goods produced that are produced privately by the student's family and constitute a market value that is comparable to the level of the fees; or the student selling services to the institution, for example by repairing the institution's rooms. Cash shortages in the economy have also increased the number of in-kind payments for fees, for example in the form of computers.

### **Policy stumbling blocks**

Meanwhile, public opinion in relation to for-fee education, and the trend to privatisation in the domain of general education, became increasingly negative. The mass media covered public schools in crisis, where teachers were underpaid or suffered from continuous arrears, and buildings collapsed from chronic under-funding and as a result of the federal centre downloading responsibilities for school financing onto the regions and provinces. At the regional and provincial level education had difficulty competing with other heavy spending responsibilities. Among the 87 regions and two metropolitan areas of the Russian Federation, Moscow and St. Petersburg were far ahead of the regions in terms of the quality of educational provision, as measured by such criteria as the volume of financial and human resources per student, the lowest proportion of schoolchildren attending schools in a second or third turn, and the number of post-secondary education graduates per 10 thousands inhabitants (Goskomstat 1996a, Table 34, 35).

The effects of school reform, in replacing standard and uniform education with diversified and varied educational provisions, were reported only to have sharpened the growing income-contingent inequality in society. The introduction of paid additional educational services, the emergence of alternative and private schools to educate the better-off, the mandatory provision only of basic-level general education excluding high school, under the 1992 Law on Education: all these developments were reported to increase social inequalities in access to secondary and tertiary education and signified the failure of authorities to meet their obligations under the proclaimed policy of prioritised funding for education. Educational reform proposals requiring further privatisation, such as a plan for vouchers in schooling, were halted.

In 1994 the Federal Assembly, the highest representative and legislative body of the Russian Federation, postponed

hearings on the privatisation of higher educational institutions for three years, as proposed by the State Committee on Property. The special Committee called for the urgent development and enactment of a Law on Higher Education; it insisted against the privatisation of higher educational institutions and teaching hospitals, it recommended that higher educational institutions should not be transferred to the financial responsibility of regional budgets; and it advocated that the procedures for licensing and accreditation of non-state educational institutions should be more consistent and strict.

In January 1996, the new edition of the Law on Education (Article 41, item 10) established a limit on fee-based admissions in public higher educational institutions, fixed at 25 per cent of the total admissions in high demand programs such as law, economics, management and public administration (Higher Education in Russia 1996, 27). However the fourth Congress of Russia's Rectors in March 1996 considered this legal limitation as disadvantageous to public higher educational institutions, in their competition with non-state educational establishments for students, faculty and resources. Non-state institutions were spared the quota limitations on tuition-charged admissions. In talks in corridors, public university administrators mentioned influential lobbying by non-state higher educational institutions, of which more than three quarters were situated in Moscow and the Moscow region.

### **What is ahead? Public concerns and the policy response**

The public within and outside higher education sector most often recognises that a combination of reasonable tuition charges and a student loan plan is the policy for equally promoting both quality and equitable access. However, the new Law on Higher Education, enacted by the Federal Assembly in August 1996, made no reference to any student loan plan. In contrast, new educational reform plans, now under consideration, propose significant changes in higher education funding, including student loans.

There are two higher education reform proposals, one being developed under the leadership of the current Minister of General and Professional Education Mr. Kinelev and another under the leadership of his first Deputy Minister Mr. Tikhonov. Both involve significant changes in the public resource allocation to higher educational institutions, in both the short-term and the long-term (On-line documents of the Russian Federation Ministry of General and Professional Education 1997a). The long-term perspective envisages the establishment of student loan plans and schemes. In the short-term perspective it is proposed to replace the direct allocation of public funding to institutions with the distribution funds via students: 'money follows students'.

The proposed new distributional mechanism is in essence a voucher scheme. Students who meet a certain score in a nation-wide standardised test would become eligible for grants. Grant-bearing (voucher-bearing) students would be able to apply to attend the range of higher educational institutions, public or private. The term 'voucher' is not mentioned in the reform proposal, probably due to the ill-fortune experienced by plans for a general voucher in schooling, but vouchers provide the economic model. A comparison between the existing system of funding and the proposed voucher model suggests that though the ultimate origin (the taxpayer) and destination (higher educational institutions) of funding are the same, the effects on institutional behaviour would be different. Because grant-bearing students would have a choice of institutions to which to apply, their decisions would affect the total amount of public resources available to institutions and influence the degree of efficiency with which the resources were used.

Under the proposed funding plan higher educational institutions would become more dependable on capable students. The competition for students, and thus for resources, would be both nation-wide and severe. The expectation is that competition would make higher educational institutions more contestable and contested, and thereby encourage institutions to become more efficient, more responsive to customers and more innovative.

However, the first reaction of academic faculty to these plans was mixed. What if in an extreme case most students applied to Moscow schools of higher education and a provincial university was left without a single ruble of public funding? Rumours were spread that the government was going to close down many institutions in provinces and regions, and only the fittest would survive.

No matter how economically attractive the proposed market model of funding is to the government policy-makers, one should not rush to quick conclusions. After considering major 'pros', one should also examine the 'cons'. In this regard, an analysis of national government-instigated marketisation reform in Australian higher education since 1987 might be instructive.

Based on a close examination of the effects of marketisation reform in Australian universities and colleges, Simon Marginson concludes that over a ten-year span 1987-1997 the strong universities became even stronger while the bottom group lost ground (Marginson 1997). Marginson uses the concept of a positional advantage introduced by Hirsch to show that education as a status good provides relative advantage in competition for jobs, income and social prestige. Elite educational institutions reproduce this symbolic value of education and become more sought after than other institutions, and thus accrue relatively more resources over time. Marginson concludes that elite institutions are largely market immune in that they choose the student-consumer more than the student

choosing them. Therefore they do not need to become more efficient or responsive to gain enrolments. On the contrary, to expand would only reduce their positional good value (Marginson 1997, 8). In contrast, severe competition takes place among the bottom-tier institutions. Those institutions often spend more on marketing than successful institutions, while in the bottom-tier institutions real improvements in learning and efficiency tend to be under-recognised. Educational competition is segmented.

This suggests that the notion of economic market is not fully applicable to the quasi-market in education, where the hierarchy of status, prestige and symbolic values play the most significant role, and 'advantage always begets advantage'. Thus the position of elite universities within national educational hierarchies remains stable at all times (Trow 1984, 147-157).

Close examination of some of the current proposals for reform in the funding of Russian higher educational institutions suggests that these proposals constitute mechanisms for securing the position of the elite universities and colleges. The most renowned Russian institutions of higher education are situated in the central cities with sophisticated and lucrative labour markets, Moscow and St. Petersburg. It is reasonable to expect that the elite institutions of Moscow and St. Petersburg would be the most sought-after by grant-bearing students. Under the reform proposal, institutions would have the right to choose students by setting up special entrance scores based on the standardised test. Further, even if elite institutions did not receive an overflow of applicants (for example, because of the cost of living in the cities), their funding would be secured through a special mechanism whereby public resources would be distributed to higher education institutions on the basis of their status category. Though it is not clear how these categories would be identified, judging from the past discussions and practices certain can be surmised, for example universities (research, comprehensive and regional), academies, and colleges. The past five years have witnessed a vigorous struggle for position in the emerging new hierarchy and institutional stratification.

Launched in 1992 as an informal rating of institutions by the State Committee for higher education, ranking criteria were first intended to be used as performance indicators for an incentive funding scheme. In 1996, however, the national agency retreated from the rating procedures, having removed them under the auspices of the non-governmental Association of Russia's Higher Educational Institutions. That did not decrease the aspirations of individual institutions for hierarchical positions, including references to importance, prestige and symbolic value, and demands for special status and special funding arrangements. These developments confirm the tendency to the segmentation of competition in the higher educa-

tion sector, and the impossibility of a pure market. The ultimate barriers to such a pure market are not so much economic, as social-cultural.

Leaving aside the possible consequences of the proposed funding reform, some say it is feasible only upon the abolition of both high school graduation exams and higher educational entrance exams, and their replacement by nation-wide standardised testing. But there are no available estimates of the costs of this reform, nor it is clear who is promoting the potentially lucrative field of standardised testing.

The issue of an affordable tuition fee complemented by a student loan system still waits its return to the front of the policy agenda.

### **Social support: student stipends**

According to long-standing traditions of social protection, the state is committed to the disbursement of student grants based on merit, and the allocation of financial aid based on need, to a limited number of the student body in good academic standing - first of all to orphans and others lacking parental care, invalids, veterans of operations, victims of the Chernobyl radiation disaster and rescue workers (RFG 1995). However, because of the increasing shortage of public moneys, the state has faced extreme difficulties in fulfilling its social obligations.

Throughout the nation, arrears in wages and salaries experienced by those employed in the public sector - 38 per cent of the generally employed or 30 per cent of the economically active population (Goskomstat 1996a, 25) - and also arrears in pensions for the retired, has become the rule rather than the exception. Further, the purchasing power of student stipends has dropped sharply, blurring the criteria for stipend awards. The stipend has deteriorated from being an article of personal pride and a symbol of adulthood, whereby the state rewarded successful work as well as industrious studies, to a social allowance which does not fit the functions of either a merit award or needs-based aid.

The Law on Higher Education of August 1996 stipulated the size of student stipends to be at least equal to two minimum wages (Article 16). On the basis of this Law, student stipends in early 1997 would be fixed at only 42 per cent of the average minimum subsistence level for 1996. Making the student stipend contingent upon the size of the minimum wage, far below the minimum subsistence level, has destroyed much of its significance, either as social assistance or as a merit award. Students come from families with widely varying incomes and have very different attitudes towards the student stipend: while some are indifferent, others consider it an essential addition to their monthly budget. University administration and academic faculty tend to treat student stipends as social allowances, rather than merit-based grants. Sometimes these two categories of student financial assistance, need-

based grants and merit-awarding scholarships, are taken by administrators one for another.

In the past academic year (1996-1997) the federal state failed to allocate the amount stipulated by the law for student stipends. Instead, it provided only one minimum wage size stipend per student. The distributional responsibility was downloaded to individual faculties. Some decided to spread stipend funds evenly among the enrolled students ('less but equal'), thus having abandoned the tradition of a differential award based on academic performance. Other faculties and schools created elaborate score scales contingent upon the year of study and semester performance, as reflected by the grade point average. The rules can vary from one department to another in one and the same institution, leaving many students puzzled about the comparability of criteria. On average, in the 1996-1997 academic year student stipends covered a monthly card for the use of city transportation and three to four visits to the student cafeteria.

In the situation of increasingly insufficient funding of public institutions of higher education by the federal government, especially since 1995, student stipend disbursement and board allowance combined have constituted one third of the total state allocations to individual public higher educational institutions. Noting the degeneration of both the equity-securing and meritocratic functions associated with the state disbursements for grants and financial assistance, a group of rectors of higher educational institutions in Siberia proposed at the Fourth Congress of Russia's Rectors in March 1996 to abolish the now obsolete system of indiscriminate student allowances, and to replace it with means-tested assistance. This radical but badly needed and realistic proposal was not supported by the majority of Rectors, who largely gravitated to the populist position, while working behind the scenes to negotiate special funding arrangements.

However, in the year that followed (1997) the situation with student stipend disbursements almost reached the point of absurdity; and it was increasingly recognised as such by many institutional leaders. One of the proposals for higher education reform presupposes the abolition of the current system of student stipends, and the replacement of it with means-tested financial assistance for orphans and students from families with income lower than the minimum subsistence level. Procedures of means-testing have yet to be discussed.

### **What is the current tuition fee set up?**

#### **Patterns of tuition charges**

The system of fee-paying admissions in public institutions presupposes the full coverage of costs. Thus while the state subsidises some students as selected by individual institutions, presumably on merit, it requires the rest of the students to provide full compensation for costs incurred. The payment of full costs is an increasing burden for

families. On average, annual tuition costs comprise 20 monthly pays. At the same time, real disposable money incomes have been decreasing annually; while in 1996, savings constituted only 4 per cent of total incomes, with 70 per cent comprised by consumer expenditure (Centre for Economic Analysis 1997, 145). According to the September 1997 survey by the Russian Independent Institute for Social and Nationality-Related Problems, four-fifths of Russia's population is not living, it is merely surviving.

Institutional leaders and administrators attempt to spread partial costs among the total student body, within the framework of the current law. Additional and one-time charges of various kinds are being introduced in public universities throughout the country, such as application fees, charges for issuing student cards, graduation papers and transcripts, and fines for lost student cards.

For example, Novosibirsk State Technical university proceeded as far as introducing charges for optional support services - those who chose to pay will have access

quota; those who refrain from the payment will only use reading halls. An additional charge is earmarked for paying maintenance fees. The total amount charged per semester does not exceed one third of an average monthly pay in the region. The fee is set at USD\$50 (300,000 rubles) per semester while the average salary in Novosibirsk region in July 1997 was USD\$160.83 (965,000 rubles).

Universities' 'price lists' for additional educational services include retaking an exam, and fee-charged tutorials as a penalty for truancy. Through the spread of partial costs across the whole student body, there is a tendency to convergence between the cost-structures borne by the so-called no-fee and fee-charged students. However, these little 'tricks' remain merely palliative. They fail to address the critical issues of revenue generation by public universities, admission equity, and participation rates.

The major discernible patterns in the costs borne by students are shown in Table 2 and can be summarised as follows:

**Table 2. Patterns of annual higher education costs borne by students and their families (1996-1997)**

|                                             | Public institutions<br>(regular) | Public institutions (additional /quasi-private) |                                        |                                         | Private institutions |       |
|---------------------------------------------|----------------------------------|-------------------------------------------------|----------------------------------------|-----------------------------------------|----------------------|-------|
|                                             |                                  | Law, Economics<br>Management                    | Languages,<br>Psychology,<br>Sociology | Engineering,<br>Science,<br>Mathematics | High                 | Low   |
| 1. Tuition                                  | \$0                              | \$920-\$4,000                                   | \$920-\$2,000                          | \$670-\$950                             | \$2,000              | \$800 |
| 2. Fees (upfront)                           | \$0                              | \$0-\$200                                       | \$0-\$200                              | \$0-\$200                               | n.a.                 | n.a.  |
| 3. Application fee &<br>other one-time fees | \$0-\$50                         | \$0-\$50                                        | \$0-\$50                               | \$0-\$50                                | n.a.                 | n.a.  |
| 4. Books and supplies                       |                                  | \$40-\$90                                       | \$30-\$50                              | \$20-\$35                               | \$100                | \$70  |

|                                                                             |                     |                 |
|-----------------------------------------------------------------------------|---------------------|-----------------|
| 5. Room                                                                     | Living with parents | \$0             |
|                                                                             | Dormitory           | \$65-\$100      |
|                                                                             | Private apartment   | \$800-\$2,500   |
| 6. Board                                                                    | At home             | \$830-\$1,500   |
|                                                                             | Privately           | \$2,000-\$4,000 |
| 7. Transportation                                                           | Resident            | \$0-\$70        |
|                                                                             | Out-of-town         | \$70-\$600      |
| 8. Other expenses                                                           |                     | \$250-\$1,000   |
| All prices are in US dollars, based on an exchange rate \$US1=6,000 rubles. |                     |                 |

to gyms and swimming pools, those who do not will use outdoor activities and cross-country tracks; those who chose to pay a library fee will check out books from the library and use copy machines free of charge within a

1. The three-way variation between modes of admission:

- regularly admitted (*tuition-free admission*) students in public institutions;
- fee-based admissions in public institutions (*quasi-private admission*) of less than 25 per cent of total enrolment in high demand fields;
- admission to private institutions (*private admissions*).

The gap between the cost of tuition-free public enrolment, and tuition-charged public enrolment, may be as large as 12 to 30 times. The gap between tuition-free public enrolment, and private enrolment, may be 10 to 15 times.

2. The variation in admissions by field of study:

- *law, economics, management* are the most costly fields (though the least costly in terms of expenses incurred). They meet demand for the most sought-after career-building training, and are most likely to attract students capable of full cost payment;
- *foreign languages, psychology* which is now booming in Russia, sometimes *sociology* (though the demand is decreasing and so does the supply and concomitant prices for educational provision) follow the first group closely in price terms;
- *applied mathematics, sciences, engineering*. The tuition charge for these fields is set at the lowest level: there are much fewer applicants than in the above listed fields. However, science and engineering are most costly fields of study to provide.

Prices within groups 1 and 2 above are also influenced by the *status* and *prestige* of the institutions of higher education, whether they are classical universities, or technical and pedagogical 'newly-born' universities; whether they are top institutions in Moscow and St. Petersburg (and thus in the environment conducive to the best employment opportunities and the closest links to good research centres) or among the rest.

3. The variation between *resident students* and *commuter students*.

In higher education the cost differential for these two groups of students may be as large as four or five times. It is assumed that on average a typical resident student lives with his or her parents and therefore has rent free accommodation, enjoys food provided by parents at home, and occasionally uses city transport. A commuter student is assumed to be typically an out-of-city student who stays in a student dormitory or a privately provided apartment or a room, eats in student cafeteria or private restaurants, uses city transport, and travels home at least two times per academic year. The more expensive is the privately provided room and board and the cost of travel, the larger is the gap between the costs borne by resident students and commuter students respectively. An illustration of this problem is the dramatic decrease in the last seven years in the number of out-of-town enrollees in Moscow and St. Petersburg.

Interestingly, the fees charged by private institutions are very competitive. They are often three to four times lower than the costs charged by similar programs in top tier public institutions. Differences in the tuition costs borne by foreign students, and by domestic students, are minimal or absent, though living costs may be different due to the preferences in life standards. For foreign students admitted for four-year studies, equivalent to an undergraduate bachelor degree, there is usually no price differential contingent upon field of study.

## Conclusion

The long-standing tradition of tuition-free higher education in Russia has begun to crack, under the twin pressures of severe state austerity and emerging market relationships. Forced to recognise the reality of self-financed individuals, as opposed to those sponsored by private and public enterprises, state authorities and policy-makers are caught in the dilemma of authorising a policy that allows for the charging of tuition. This dilemma is a socio-political dilemma.

Meanwhile, the proposals of policy-makers and responses of individual institutions indicate an inclination to nibble at the problem rather to solve it. In this indecisive policy climate, there is much room for the pursuit of conflicting individual interests.

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